

Message Text

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44

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 EB-11 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01

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E.O. 11652: N/A

TAGS: ETRD, GATT, IT

SUBJECT: REBATES UNDER ITALIAN LAW 639

REF: (A) ROME 12835; (B) ROME 14056

1. DURING DECEMBER 20 CALL AT MINISTRY OF FOREIGN AFFAIRS (MFA), MFA REP PROF.LIGUORI (OIC, OAW 639) STATED THAT GOI WOULD HAVE TO RECALCULATE AMOUNT OF REBATES APPLICABLE TO THIRD COUNTRIES UNDER LAW 639 BECAUSE SEVERAL OF THE INDIRECT TAXES WHICH ARE INCLUDED IN THE REBATE CALCULATIONS WERE ABOLISHED WHEN THE ADDED VALUE TAX WAS PUT INTO EFFECT ON JANUARY 1, 1973. HE SAID THAT NEW RATES WOULD BE RETROACTIVE TO JANUARY 1, 1973. HE DID NOT KNOW WHEN FINANCE MINISTRY WOULD COMPLETE THE NECESSARY COMPUTATIONS.

2. PROF. LIGUORI INDICATED GOI IS CURRENTLY BETWEEN TWO (2) AND THREE (3) YEARS BEHIND IN PROCESSING APPLICATIONS FOR REBATES UNDER LAW 639. THIS, HE SAID, IS DELIBERATE TREASURY
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POLICY TO HOLD DOWN GOVERNMENT EXPENDITURES. DELAY WILL

ALSO FACILITATE RETROACTIVE APPLICATION OF NEW RATES TO THRID COUNTRIES.

3. ABOVE IS RELEVANT TO CURRENT US COUNTERVAILING DUTIES AGAINST ITALIAN EXPORTS RECEIVING REBATES UNDER LAW 639. AMOUNT OF REBATE ON METAL/MECHANICAL PRODUCTS EXPORTED SINCE JANUARY 1, 1973 IS AT PRESENT UNKNOWN, BUT WILL BE LESS THAN PROVIDED FOR IN CURRENT VER-SION OF LAW 639.

4. MINISTRY FINANCE OFFICIALS REFUSED CONFIRM PARA (1) ABOVE DURING DECEMBER 21 DONVERSATION ITH EMBOFFS, SAYING IT WAS "POLICY MATTER" UPON WHICH THEY COULD NOT COMMENT. THEY WILL, HOWEVER, PROVIDE

CONCONDANCE BETWEEN TARIFF DESCRIPTIONS IN LAW 639 AND LAW 773. VOLPE

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